

REAL ESTATE LEASE

This Lease Agreement is made effective as of July 1, 2011, by and between High Desert Humane Society, Inc. (Landlord), and Gila County (Tenant). The parties agree as follows:

PREMISES: Landlord, in consideration of the lease payments provided in this Lease, leases to Tenant the building and kennels utilized by Gila County Rabies and Animal Control at 700 Shelter Lane, Globe AZ 85501 (the "Premises") located at 700 Shelter Lane, Globe, AZ 85501.

TERM: The lease term will begin on July 1, 2011 and will terminate on June 30, 2012.

LEASE PAYMENTS: Tenant shall pay to Landlord a total annual lease payment of Six Thousand Dollars (\$6,000.00) payable in advance beginning July 1, 2011 either in one lump sum or quarterly for the fiscal year 2012. Lease payments shall be made to the Landlord at High Desert Humane Society, Inc., P.O. Box 383, Claypool, AZ 85532, as may be changed from time to time by Landlord.

POSSESSION: Tenant shall be entitled to possession on the first day of the term of this Lease, and shall yield possession to Landlord on the last day of the term of this Lease, unless otherwise agreed by both parties in writing.

USE OF PREMISES: Tenant may use the Premises only for the purpose of conducting a rabies control program. County may make any reasonable use of said premises in accomplishing that purpose. The Premises may be used for any other purpose only with the prior written consent of Landlord. Tenant shall notify Landlord of any anticipated extended absence from the Premises not later than the first day of the extended absence.

REMODELING OR STRUCTURAL IMPROVEMENTS: Tenant shall have the obligation to conduct any construction or remodeling (at Tenant's expense) that may be required to use the Premises as specified above. Tenant may also construct such fixtures on the Premises (at Tenant's expense) that appropriately facilitates its use for such purposes. Such construction shall be undertaken and such fixtures may be erected only with the prior written consent of the Landlord which shall not be unreasonably withheld. At the end of the lease term, if lease is not renewed, the tenant will leave all improvements and such fixtures with the building.

MAINTENANCE: Tenant shall have the responsibility to maintain the Premises in good repair at all times.

ACCESS BY LANDLORD TO PREMISES: Subject to Tenant's consent (which shall not be unreasonably withheld), and with 72 hours notice, Landlord shall have the right to enter the Premises to make inspections, provide necessary services, or show the unit to prospective mortgagees, tenants or workers. As provided by law, in the case of an emergency, Landlord may enter the Premises without Tenant's consent. Regarding necessary services, when humane society foster staff is wishing to come see animals to be picked up for fostering prior to adoption, a mutual agreed time will be arranged.

UTILITIES AND SERVICES: Tenant shall be responsible for all utilities and services in connection with the Premises.

PROPERTY INSURANCE: Tenant shall maintain casualty insurance on the Premises in an amount equal to 100.00% of the full replacement value. Landlord shall be named as an insured in such policies. Tenant shall deliver appropriate evidence to Landlord as proof that adequate insurance is in force. Landlord shall have the right to require that the Landlord receive notice of any termination of such insurance policies. Tenant shall also maintain any other insurance which Landlord may reasonably require for the protection of Landlord's interest in the Premises.

LIABILITY INSURANCE: Tenant shall maintain liability insurance in total aggregate sum of at least One Million Dollars (\$1,000,000.00). Tenant shall deliver appropriate evidence to Landlord as proof that adequate insurance is in force. Landlord shall have the right to require that the Landlord receive notice of any termination of such insurance policies.

INDEMNITY REGARDING USE OF PREMISES: Tenant agrees to indemnify, hold harmless, and defend Landlord from and against any and all losses, claims, liabilities, and expenses, including reasonable attorney fees, if any, which Landlord may suffer or incur in connection with Tenant's use of the Premises.

DANGEROUS MATERIALS: Tenant shall not keep or have on the Premises any article or thing of a dangerous, inflammable, or explosive character that might substantially increase the danger of fire on the Premises, or that might be considered hazardous by a responsible insurance company, unless the prior written consent of Landlord is obtained and proof of adequate storage containment is provided by Tenant to Landlord. This excludes items necessary to carry out Rabies Control services.

TAXES: Taxes attributable to the Premises or the use of the Premises shall be allocated as follows:

Real Estate Taxes - Landlord shall pay all real estate taxes and assessments for the Premises.
(Currently, this building is exempt since it is owned by a 501C3).

Personal Taxes - Tenant shall pay all personal taxes and any other charges which may be levied against the Premises and which are attributable to Tenant's use of the Premises.

DEFAULTS: Tenant shall be in default of this Lease, if Tenant fails to fulfill any lease obligation or term by which Tenant is bound. Subject to any governing provisions of law to the

contrary, if Tenant fails to cure any financial obligation within 30 day(s) (or any other obligation within 60 day(s)) after written notice of such default is provided by Landlord to Tenant, Landlord may take possession of the Premises without further notice, and without prejudicing Landlord's rights to damages. In the alternative, Landlord may elect to cure any default and the cost of such action shall be added to Tenant's financial obligations under this Lease. Tenant shall pay all costs, damages, and expenses suffered by Landlord by reason of Tenant's defaults.

NOTICE: Notices under this Lease shall not be deemed valid unless given or served in writing and forwarded by mail, postage paid, addressed as follows:

LANDLORD:

High Desert Humane Society, Inc.
P. O. Box 383
Claypool, Arizona 85532

TENANT:

Gila County
Gila County Health and Emergency Services
5515 S. Apache Avenue, Suite 100
Globe, Arizona 85501

Such addresses may be changed from time to time by either party by providing notice as set forth above.

ENTIRE AGREEMENT/AMENDMENT: This Lease Agreement contains the entire agreement of the parties and there are no other promises or conditions in any other agreement whether oral or written. This Lease may be modified or amended in writing, if the writing is signed by the party obligated under the amendment.

SEVERABILITY: If any portion of this Lease shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provision of this Lease is invalid or unenforceable, but that by limiting such provision, it would become valid and enforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.

WAIVER: The failure of either party to enforce any provisions of this Lease shall not be construed as a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Lease.

CUMULATIVE RIGHTS: The rights of the parties under this Lease are cumulative, and shall not be construed as exclusive unless otherwise required by law.

GOVERNING LAW: This Lease shall be construed in accordance with the laws of the state of Arizona.

ADDITIONAL PROVISIONS: This Lease may be terminated by either party. Termination shall

be completed by either party by giving the other party at least ninety (90) days notice prior to its intention to terminate this lease.

IN WITNESS WHEREOF, the parties hereto have caused this Lease Agreement to be executed by their respective duly authorized officers as of the date of first set forth above.

Lessee:
GILA COUNTY, ARIZONA

Lessor:
HIGH DESERT HUMANE SOCIETY, INC.

BOARD OF SUPERVISORS

By: _____ By: _____

Name: Michael A. Pastor Name: Cheryl Brazell

Title: Chairman of the Board of Supervisors Title: President, High Desert Humane Society, Inc.

ATTEST

By: _____ By: _____

Name: Marian Sheppard Name: Eileen Townsend

Title: Chief Deputy Clerk, Gila County Title: Treasurer of High Desert Humane Society, Inc.

APPROVED AS TO FORM

By: _____

Name: Bryan B. Chambers

Title: Chief Deputy County Attorney For
Daisy Flores, Gila County Attorney